

AGREEMENT ESTABLISHING THE  
OLD DILLON RESERVOIR WATER AUTHORITY

THIS AGREEMENT, establishing the Old Dillon Reservoir Water Authority is made and entered into this 12 day of May, by and among the Town of Dillon ("Dillon"), the Town of Silverthorne ("Silverthorne") and the Board of County Commissioners of Summit County, Colorado ("County"), all of which are political subdivisions of the State of Colorado, all of which shall hereinafter be referred to as "Contracting Parties."

WITNESSETH

WHEREAS, each of the Contracting Parties is authorized and empowered to finance, construct, own, operate, maintain, repair and replace water storage facilities and diversion works, equipment and appurtenances incident thereto pursuant to C.R.S. § 31-15-708 (*i.e.*, Dillon and Silverthorne) and C.R.S. § 30-20-402 (*i.e.*, the County); and

WHEREAS, pursuant to the provisions of the Colorado Constitution, Article XIV, §§ 18.2(a) and 2(b), and C.R.S., § 29-1-204.2, known as the "Water Authority Act" ("the Act"), the Contracting Parties desire to establish a Water Authority as a separate governmental entity to construct, own, operate, maintain, repair and replace water storage facilities, diversion works, and inlet and outlet structures for Old Dillon Reservoir, including the existing capacity and the enlargement of the Reservoir and the Dillon Ditch (collectively, "the Old Dillon Reservoir Enlargement Project"), for the purpose of supplying water to the Contracting Parties and their inhabitants; and

WHEREAS, the establishment of a Water Authority by the Contracting Parties in Summit County, Colorado, will serve a public purpose and will promote the health, safety, prosperity, security and general welfare of the inhabitants and taxpayers of the Contracting Parties and the State of Colorado;

NOW, THEREFORE, in consideration of the mutual performance of the covenants, agreements and promises set forth hereinafter, the Contracting Parties hereby establish a separate governmental entity to develop and manage water resources and facilities associated with the Old Dillon Reservoir Enlargement Project, and agree as follows:

1. Name of Entity. The name of such governmental entity shall be the "Old Dillon Reservoir Water Authority" ("Authority").
2. Purposes. The Authority's purposes are to construct, own, operate, maintain, repair and replace the Old Dillon Reservoir Enlargement Project, for the purpose of storing and supplying raw water for the use and benefit of the Contracting Parties and their inhabitants, or others at the discretion of the Contracting Parties.

3. Ownership of Water Rights. The Contracting Parties will retain their individual ownership of all water and water rights associated with the Old Dillon Reservoir Enlargement Project. The Authority will not own any interest in water rights.

4. Ownership of Facilities. Except as otherwise provided herein, the Authority will own the structures, facilities, and improvements associated with the Old Dillon Reservoir Enlargement Project, including the dams, embankments, spillways, outlet works, and the headgate and diversion and conveyance structures associated with the Dillon Ditch. Within the time period specified in paragraph 3 (c) of the Second Supplement and Amendment To Intergovernmental Agreement Among Summit County, Town Of Dillon, And Town Of Silverthorne dated MAY 12, 2010 (the "Amended IGA"), the County shall deliver to the Authority a bargain and sale deed and assignment conveying its interest in any and all rights of way and permits that the County may have in the Old Dillon Reservoir Enlargement Project, reserving the right of use of 8.0 c.f.s. of capacity of the Dillon Ditch for the exercise of its own water rights, including, without limitation, its interest in the Dillon Ditch as decreed in Case No. C.A. 1806, Summit County District Court on March 10, 1952 (the "Original Decree"), subject to the terms of the Operating Agreement described in the following paragraph 22 and attached hereto as **Exhibit A** and fully incorporated herein. Dillon will retain: (a) the right of use of 10.0 c.f.s. of the capacity of the Dillon Ditch to fill Old Dillon Reservoir to its full decreed capacity of 46.14 acre-feet under the Original Decree and 2.0 c.f.s. of capacity of the Dillon Ditch for the exercise of its other water rights, including, without limitation, its interest in the Dillon Ditch as decreed in the Original Decree, subject to the terms of the Operating Agreement; and (b) its ownership interest in the existing rights-of-way for Old Dillon Reservoir and the Dillon Ditch and the special use permit for the Dillon Ditch, subject to the terms of paragraph 4 of the August 24, 1992 Water Agreement between Dillon and the County, under which Dillon granted, bargained, sold and conveyed to the County all right, title and interest in any easements and rights-of-way associated with [Old] Dillon Reservoir which it may own and which may be required to enlarge said reservoir while retaining all said easements and rights-of-way necessary to utilize the presently decreed rights to [Old] Dillon Reservoir. If requested by the Forest Service, Dillon shall execute such consents or other documents as are necessary to confirm the ability of the Contracting Parties and the Authority to construct and operate the Old Dillon Reservoir Enlargement Project within the areas that are subject to Dillon's existing right of way and permits for the original Old Dillon Reservoir and the Dillon Ditch; provided that the Forest Service has first recognized in writing, in a manner and under terms acceptable to Dillon, the existence of Dillon's right of way for Old Dillon Reservoir and the Dillon Ditch, and such confirmation by Dillon does not require Dillon to relinquish any portion of its current rights of ways.

5. Functions and Service. To effect such purposes described in paragraph 2 herein, the Authority shall perform the following functions and/or services related to the Old Dillon Reservoir Enlargement Project:

5.1. Acquire, own, lease, construct, reconstruct, enlarge, improve, rehabilitate, repair, operate, manage, and maintain water storage facilities, including diversion works and inlet and outlet structures, together with any and all easements, rights of way, and other appurtenances, facilities and structures.

5.2. Obtain permits, authorizations and approvals necessary to acquire, own, construct, reconstruct, improve, rehabilitate, repair, operate, and maintain water storage facilities, including diversion works and inlet and outlet structures, together with any and all easements, rights of way, and other appurtenances, facilities and structures.

5.3. Divert, store, release, exercise, and account for the use of water rights owned by the Contracting Parties.

5.4. Deliver to the Contracting Parties or others the water that they are entitled to by virtue of ownership, lease, or contract.

5.5. Provide such other services or functions as may be authorized by law and determined by the Authority's Board of Directors to be in the best interests of the Contracting Parties and their inhabitants.

6. General Powers of the Authority. To enable the Authority to carry out its functions and provide the services described in paragraph 5 herein, the Authority shall have all powers granted by C.R.S. § 29-1-204.2, as it may be amended from time to time, including the following general powers:

6.1. To develop water systems or facilities in whole or in part for the benefit of the Contracting Parties, subject to fulfilling any conditions or requirements set forth in this Agreement.

6.2. To acquire (by gift, bequest, grant, purchase, lease, condemnation, or other manner), to hold, lease (as lessor or lessee), sell, or otherwise dispose of any real or personal property utilized in connection with the Old Dillon Reservoir Enlargement Project.

6.3. To acquire, construct, enlarge, manage, maintain, operate or repair water systems, facilities, works, improvements, or any interest therein, other than water rights.

6.4. To own, operate and maintain real and personal property and facilities in common with others, and to conduct joint, partnership, cooperative or other operations with others, and to exercise all powers granted herein in joint, partnership or cooperative efforts and operations with others.

6.5. To make and enter into contracts.

- 6.6. To employ agents and employees.
- 6.7. To condemn property for use as rights-of-way to the extent provided by law.
- 6.8. To incur debts, liabilities or obligations and to borrow money; and to the extent permitted by law, to secure the payment of any such obligations by mortgage, pledge, deed, indenture, agreement or other collateral instrument, or by other lien upon or assignment of all or any part of the properties, rights, assets, contracts, easements, revenues and privileges of the Authority; provided, that the payment of any such debt, liability or obligation shall be subject to annual appropriation of the Contracting Parties and no financial obligation of the Authority shall be created beyond the fiscal year in which the same is incurred.
- 6.9. To sue and be sued in its own name.
- 6.10. To have and use a corporate seal.
- 6.11. To fix, maintain, and revise fees, rates, and charges for functions, services, or facilities provided by the Authority.
- 6.12. To fix the amount of assessments on the Contracting Parties for the payment of the costs and expenses associated with the operation, maintenance, and repair of the Old Dillon Reservoir Enlargement Project.
- 6.13. To provide for the replacement, enlargement, and modification of all or portions of the Old Dillon Reservoir Enlargement Project.
- 6.14. To adopt, by resolution, rules and regulations respecting the exercise of its powers and the carrying out of its purposes.
- 6.15. To exercise any other powers which are essential to the provision of functions, services, or facilities by the Authority and which are specified in this Agreement.
- 6.16. To do and perform any acts and things authorized by C.R.S. § 29-1-204.2, under, through, or by means of an agent or by contracts with any person, firm, or corporation.
- 6.17. To permit other municipalities, special districts, or other political subdivisions of the State of Colorado that are authorized to supply water for beneficial use within Summit County, Colorado to enter into this Agreement as a Contracting Party at the discretion of a Contracting Party that conveys an interest in the Old Dillon Reservoir Project to such entity, subject to fulfilling any and all conditions or requirements of this Agreement.

6.18. To provide for the rehabilitation of real property adversely affected by the construction of water pipelines, facilities, or systems through the rehabilitation of plant cover, soil stability, and other measures appropriate to the subsequent beneficial use of such lands.

6.19. To the extent authorized by law, to justly compensate property owners or others affected for any losses or damages incurred, including reasonable attorney fees, or that may subsequently be caused by or which result from actions of the Authority.

6.20. To issue bonds, notes, or other obligations payable solely from the revenues derived from the function, service, system, or facility or the combined functions, services, systems, or facilities of the Authority or from any other available funds of the Authority pursuant to C.R.S. § 29-1-204.2(7)(a).

7. Meetings of and Actions by Contracting Parties. Approval of the Contracting Parties shall be required for the matters listed under the "Contracting Parties" columns on **Exhibit B**, attached hereto and fully incorporated herein. Each Contracting Party shall be entitled to cast one (1) vote for every acre-foot of storage capacity in the Old Dillon Reservoir Enlargement Project that is allocated to that Contracting Party under the Operating Agreement described at Paragraph 22 and attached as **Exhibit A**. A majority vote or 80% of the votes shall be required for approval of specific matters under this Agreement as shown on **Exhibit B**.

7.1. Regular Meetings: The Contracting Parties, from time to time, may provide, by unanimous resolution of the Contracting Parties, for the time and place of holding regular meetings without notice to the Contracting Parties, other than such resolution. Regular meetings may occur by telephone.

7.2. Special Meetings: Special meetings of the Contracting Parties may be called by the Chairman or any Contracting Party, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the Contracting Parties shall be held at such time and place as shall be fixed by the Chairman. Special meetings may occur by telephone.

7.3. Notice of Meetings: Written notice of any special meeting of the Contracting Parties shall be delivered to each Contracting Party not less than five (5) days before the date fixed for such meeting either personally, by mail, or by electronic mail. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Contracting Party at its address as it appears on the records of the Authority, with postage thereon prepaid.

7.4. Waiver: Whenever any notice is required to be given to any Contracting Party under the provisions of law or this Agreement, a written waiver thereof

signed by such Contracting Party, whether before or after the time stated therein, shall be equivalent to the giving of such notice. Attendance of a Contracting Party at any meeting of the Contracting Parties shall constitute a waiver by such Contracting Party of notice of such meeting, except when such Contracting Party attends such meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully convened.

7.5. Quorum: A majority of the Contracting Parties shall constitute a quorum for the transaction of business, except to the extent that a vote of a greater number of Contracting Parties is required to transact a particular business matter under this Agreement, in which case the number of Contracting Parties so required shall constitute a quorum for that matter. If less than a quorum is present, the Contracting Parties present may adjourn the meeting to a date and time certain, provided, that the Secretary shall notify any absent Contracting Parties of the time and place of such adjourned meeting. In lieu of a meeting, action may be taken by the unanimous written consent of the Contracting Parties by mail, facsimile or electronic mail.

8. Board of Directors. The governing body of the Authority shall be a Board of Directors in which all legislative power of the Authority is vested, except as to matters reserved to the Contracting Parties under paragraph 7.

8.1. Number: The initial number of Directors shall be three (3). Dillon, Silverthorne, and the County shall each be entitled to appoint one (1) Director. One (1) additional Director may be appointed by each additional Contracting Party admitted pursuant to paragraph 6.17 that is entitled to use a volume of the storage capacity in the Old Dillon Reservoir Enlargement Project that is equal to or greater than the volume of storage capacity to which any one of the original Contracting Parties is then entitled.

8.2. Voting: Approval of a majority of the Directors shall be an act of the Board of Directors as provided herein for the matters listed under the "Board of Directors" column on **Exhibit B**.

8.3. Appointment: The governing body of each Contracting Party entitled to appoint a Director shall appoint one (1) principal member to the Board of Directors, and shall designate in writing one or more alternate members, each of whom shall be an elected official, employee or consultant of that Contracting Party. Such alternate member shall act and vote only in the absence of the principal member appointed by the same body.

8.4. Term: Each Director shall serve at the pleasure of the governing body of the Contracting Party by whom that Director was appointed.

8.5. Vacancies: A vacancy occurring in the Board of Directors, whether such vacancy be the result of resignation, death, removal or disability, shall be filled in the same manner of appointment as provided in paragraph 8.3. hereof.

8.6. Compensation: Directors may receive compensation for their services within statutory limits, if any, as may be provided by resolution of the Board of Directors, and the Board of Directors, by resolution, shall provide for reimbursement to the Directors of their actual expenses incurred on behalf of the Authority.

8.7. Regular Meetings: The Board of Directors, from time to time, may provide, by unanimous resolution of all the Directors, for the time and place of holding regular meetings without notice to the Directors, other than such resolution. Regular meetings may occur by telephone.

8.8. Special Meetings: Special meetings of the Board of Directors may be called by the Chairman or any Director, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the Board of Directors shall be held at such time and place as shall be fixed by the Chairman or Director calling the meeting. Special meetings may occur by telephone.

8.9. Notice of Meetings: Written notice of any special meeting of the Board of Directors shall be delivered to each Director not less than five (5) days before the date fixed for such meeting either personally, by mail, or by electronic mail. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Director at his or her address as it appears on the records of the Authority, with postage thereon prepaid.

8.10. Waiver: Whenever any notice is required to be given to any Director of the Authority under the provisions of law or this Agreement, a written waiver thereof signed by such Director, whether before or after the time stated therein, shall be equivalent to the giving of such notice. Attendance of a Director at any meeting of the Board of Directors shall constitute a waiver by such Director of notice of such meeting, except when such Director attends such meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully convened.

8.11. Quorum: A majority of the Directors shall constitute a quorum for the transaction of business, except to the extent that a vote of a greater number of Directors is required to transact a particular business matter under this Agreement, in which case the number of Directors so required shall constitute a quorum for that matter. If less than a quorum is present, the Directors present may adjourn, provided, that the Secretary shall notify any absent Directors of the time and place of such adjourned meeting. In lieu of a meeting, action may be taken by the

unanimous written consent of the Board of Directors by mail, facsimile or electronic mail.

8.12. Duties of the Board: The duties of the Board of Directors shall be:

8.12.1. To govern the business and affairs of the Authority.

8.12.2. To exercise all powers of the Authority.

8.12.3. To comply with the Act, as it may be amended.

8.12.4. To adopt a fiscal resolution that complies with statutory and other restrictions imposed by law on the affairs of the Authority.

8.12.5. To govern the financial transactions of the Authority, including the receipt, custody and disbursement of its funds, securities and other assets.

8.12.6. To provide for the services of a firm of independent certified public accountants to examine, at least annually, the financial records and accounts of the Authority, and to report thereupon to the Board of Directors.

8.12.7. To keep records of the Authority's proceedings.

8.12.8. To adopt such bylaws, rules and regulations as appropriate for the conduct and operation of its business not in conflict herewith.

9. Officers. The officers of the Authority shall be a Chairman, Vice-Chairman, Secretary, Treasurer, and such other officers as may be authorized by the Board of Directors from time to time, to perform such duties as may be approved by the Board of Directors. The Chairman, Vice-Chairman and Treasurer shall be members of the Board of Directors, but the other officers of the Authority need not be members of the Board.

9.1. Regular Elections and Term of Office: At the first meeting of the Board of Directors following formal execution of this Agreement, the members of the Board of Directors shall elect officers who shall serve as officers of the Authority until the next succeeding annual election of the Board of Directors, or until their successors are elected and qualified. Thereafter, officers shall be elected annually by the Board of Directors at the Board's last regularly scheduled meeting for each calendar year. Each officer shall hold office until the next succeeding election of the Board of Directors, or until a successor is elected and qualified. Vacancies or new offices may be filled at any meeting of the Board of Directors.

9.2. Removal: Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors, with or without cause,



whenever in its judgment the best interests of the Authority will be served thereby.

9.3. Duties of Officers. In addition to duties designated by the Board of Directors, the duties of the officers shall include the following:

9.3.1. Chairman. The Chairman shall preside at all meetings of the Board of Directors and, except as otherwise delegated by the Board of Directors, shall execute all legal instruments of the Authority.

9.3.2. Vice Chairman. The Vice-Chairman shall, in the absence of the Chairman or in the event of his inability or refusal to act, perform the duties of the Chairman, and when so acting, shall have all the powers of and be subject to all restrictions upon the Chairman.

9.3.3. Secretary. The Secretary shall maintain the Authority's official records, including this Agreement, rules and regulations established by the Board of Directors, minutes of the meetings of the Board of Directors, and a register of the names and addresses of the Directors and officers, and shall issue notice of meetings, attest and affix the corporate seal to all documents of the Authority.

9.3.4. Treasurer. The Treasurer shall serve as the Authority's financial official, and pursuant to the fiscal resolution adopted by the Board of Directors governing the financial transactions of the Authority and the restrictions imposed by law, be responsible for the receipt, custody, investment and disbursement of the Authority's funds and securities, and for duties incident to the office of Treasurer.

9.3.5. Assistant Secretaries and Assistant Treasurers: The Board may appoint such assistants as it deems necessary and appropriate. Such assistants are not required to be members of the Board, but shall be staff members of one of the Contracting Parties.

9.3.6. Miscellaneous. The duties and functions of the Secretary and the Treasurer may be performed by a single individual who shall be a principal member of the Board. If the individual performing the duties of Secretary is not a member of the Board of Directors, such individual shall receive such compensation as is deemed appropriate by the Board of Directors.

## 10. Indemnification and Limitation on Liability.

10.1. Indemnification. Any person who is or was a Director, officer, agent, fiduciary, representative or employee of the Authority, shall be indemnified by the Authority to the maximum extent permitted by law against all costs and

expenses actually and necessarily incurred by him or her in connection with the defense of any action, suit or proceeding in which he or she may be involved or to which he or she may be made a party by reason of his or her being, or having been, a Director, officer, agent, fiduciary, representative or employee of the Authority, except in relation to matters as to which he or she shall be finally adjudged in such action, suit or proceeding to be liable for willful negligence or misconduct in the performance of his or her duties. Such costs and expenses shall include amounts reasonably paid in settlement for the purpose of curtailing the cost of litigation. The foregoing right of indemnification shall not be exclusive of other rights to which he or she may be entitled as a matter of law or by agreement.

10.2. Limitation on Director's Liability. No Director of this Authority shall have any personal liability for monetary damages to the Authority or its Contracting Parties for breach of his or her fiduciary duty as a Director.

10.3 Governmental Immunity Act. The Contracting Parties understand and agree that the Contracting Parties and the Authority are relying on, and do not waive or intend to waive by any provision of this Agreement, the monetary limitations or any other rights, immunities, and protections provided by the Colorado Governmental Immunity Act, C.R.S. § 24-10-101, *et seq.*, as from time to time amended, or any other law, protection or limitation otherwise available to the Contracting Parties and the Authority, and to their respective officers, agents, fiduciaries, representatives and employees.

10.4 Statutory Liability Protection. The Contracting Parties understand and agree that the Contracting Parties and the Authority are relying on, and do not waive or intend to waive by any provision of this Agreement, the liability protections or any other rights, immunities, and protections provided by the C.R.S. § 37-87-104, as from time to time amended, or any other law, protection or limitation otherwise available to the Contracting Parties and the Authority, and to their respective officers, agents, fiduciaries, representatives and employees.

11. Insurance. The Authority shall procure and maintain a policy of general liability insurance in an amount to be determined by the Board of Directors, which policy shall be in conformance with the requirements of C.R.S. § 37-87-104. Said policy shall name each of the Contracting Parties as an additional insured party. The Authority shall further procure and maintain a policy of insurance providing indemnification, to the maximum extent permitted by law, for Directors, officers, agents, fiduciaries, representatives and employees of the Authority, as provided for in subparagraph 10.1.

12. Assets Held in Trust. All assets and properties of the Authority shall be held in trust for the purposes herein mentioned, including the payment of liabilities of the Authority.

13. Lien for Payment of Assessments. The Authority shall have a prior, perpetual and paramount lien on the interest of each Contracting Party in the storage capacity of the

Old Dillon Reservoir Enlargement Project to secure the payment of the assessments levied on each Contracting Party, together with interest on such assessments and all fees and costs of collection. Such lien may be enforced by withholding the delivery of water from the Old Dillon Reservoir Enlargement Project, by suit or as otherwise permitted by law.

14. Sale to Other Entities, Offer to Current Participants. Any Contracting Party may sell any part or all of its entitlement to storage capacity in the Old Dillon Reservoir Enlargement Project only to another municipality, special district, or other political subdivision of the State of Colorado that is authorized to supply water for beneficial use within Summit County, Colorado, provided that all other Contracting Parties are given written notice of the terms of any proposed sale and at least 45 days to make an offer to purchase such interest on the stated terms. If none of the other Contracting Parties makes an offer of purchase within the allowed time period, the selling Party may proceed to offer such interest to such other governmental entity on those terms. If two or more Contracting Parties offer to purchase such interest, each of those Parties may purchase a pro rata share of such interest based upon the number of acre-feet of storage capacity owned by that Party divided by the total number of acre-feet of storage capacity owned by all Contracting Parties offering to purchase such interest.

15. Adding or Deleting Contracting Parties from the Agreement.

15.1. Any other municipality, special district, or other political subdivision of the State of Colorado that is authorized to supply water for beneficial use within Summit County, Colorado may be added as a Contracting Party to this Agreement under Section 6.17 hereof with the written consent of the governing body of a Contracting Party that has conveyed all or a portion of its entitlement to storage capacity in the Old Dillon Reservoir Enlargement Project to such political subdivision. A party added as a Contracting Party shall be subject to such terms and conditions as the Contracting Party conveying an interest in the Old Dillon Reservoir Enlargement Project may determine, in its sole discretion, and shall execute this Agreement and the Operating Agreement and become subject to any and all conditions or requirements thereof.

15.2. A Contracting Party may withdraw from this Agreement by written document authorized by the governing body of such Contracting Party, which shall be presented to the Authority not later than July 1<sup>st</sup> of any calendar year, such withdrawal to be effective no sooner than December 31 of that calendar year; provided, however, such withdrawing Contracting Party shall remain liable for its prorata share of any and all financial obligations existing at the time of withdrawal, and all indebtedness incurred by the Authority while the withdrawing party was a Contracting Party, unless such liability is expressly assumed or waived by all the remaining Contracting Parties.

15.3. Upon withdrawal, a withdrawing Contracting Party shall have no further interest, right or title in or to any assets or equity of the Authority, and shall forfeit its status as a "Contracting Party" under this Agreement unless there is a specific

agreement to the contrary; provided, however, that if Dillon withdraws, Dillon will retain: (a) the right to use 46.14 acre feet of storage capacity in Old Dillon Reservoir, (b) the right of use of 10.0 c.f.s. of the capacity of the Dillon Ditch to fill Old Dillon Reservoir to its full decreed capacity of 46.14 acre-feet under the Original Decree and 2.0 c.f.s. of capacity of the Dillon Ditch for the exercise of its other water rights, including, without limitation, its interest in the Dillon Ditch as decreed in the Original Decree, subject to the terms of the Operating Agreement.

15.4. A Contracting Party's status as a Contracting Party under this Agreement may not be terminated without its consent.

15.5. A creditor of a Contracting Party with a lawful security interest in the Contracting Party's interest in the Old Dillon Reservoir Enlargement Project may succeed in whole or in part to the rights of the debtor Contracting Party in the use of the storage capacity of the Old Dillon Reservoir Enlargement Project. However, such secured creditor shall not become a Contracting Party except in accordance with the provisions of paragraph 15.1.

16. Distribution Upon Termination of Agreement.

16.1. Distribution of Assets: In the event of the rescission or termination of this Agreement and the dissolution of the Authority, all of the real property and other assets of the Authority shall immediately vest in the Contracting Parties, as tenants in common in the same proportion as the Contracting Parties' interests in the total storage capacity of the Old Dillon Reservoir Project are stated in the Operating Agreement, the terms of which shall remain in effect unless amended by unanimous agreement of the Contracting Parties, subject to any outstanding liens, mortgages or other pledges of such assets. However, the Contracting Parties may by unanimous agreement provide for the distribution of any and all interests of the Authority to any successors to the Authority, or for any other disposition among the Contracting Parties.

17. Negotiable Instruments. All checks, drafts or other orders for payment of money and all notes, bonds, or other evidences of indebtedness issued in the name of the Authority shall be signed by such officer or officers, agent or agents, employee or employees of the Authority, and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.

18. Deposits. All funds of the Authority shall be deposited, from time to time, to the credit of the Authority, pursuant to law, in such bank or banks as the Board of Directors may select.

19. Political Subdivision. Pursuant to C.R.S. § 29-1-204.2(4), the Authority shall be a political subdivision and public corporation of the State, separate from the Contracting Parties. It shall have the duties, privileges, immunities, rights, liabilities and disabilities

of a public body politic and corporate. The provisions of Articles 10.5 and 47 of Title 11, C.R.S., as amended, shall apply to monies of the Authority.

20. Debt not that of Contracting Parties. Pursuant to C.R.S. § 29-1-204.2(5), the bonds, notes and other obligations of the Authority shall not be the debts, liabilities or obligations of the original Contracting Parties or other parties that may join in this Agreement in the future.

21. Not to Impair Other Rights. Nothing in this Agreement shall impair any right or power of any Contracting Party to enter into other intergovernmental agreements or to provide water service to its constituents.

22. Operating Agreement. Contemporaneously with the execution of this Agreement, the Contracting Parties have entered into an Operating Agreement, which is attached hereto as Exhibit A.

23. Notices. Any formal notice, demand or request provided for in this Agreement shall be in writing and shall be deemed properly served, given or made if delivered in person or sent by registered or certified mail, postage prepaid to the Contracting Parties at the addresses as set forth on Exhibit C, which is attached hereto and is incorporated herein by this reference, unless another address is certified to the Authority.

24. Effective Date and Term. This Agreement shall become effective when it has been duly executed on behalf of all of the Contracting Parties. The term of this Agreement shall be twenty (20) years from said effective date, and this Agreement shall be renewed for successive twenty (20) year periods, unless terminated by written notice duly executed by each of the Contracting Parties, one hundred and eighty (180) days prior to the anniversary of the effective date; provided, however, that this Agreement may not be terminated or rescinded, so long as the Authority has bonds, notes or other obligations outstanding, unless provision for full payment of such obligations, by escrow or otherwise, has been made pursuant to the terms of such obligation.

25. Amendments. This Agreement may be amended only by written document approved by formal authority of the governing bodies of all of the Contracting Parties; provided, however, that such amendment will not affect other outstanding obligations of the Authority unless provision for full payment of such obligations, by escrow or otherwise, has been made pursuant to such obligations.

26. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the successors, assigns and legal representatives of the parties hereto.

27. Severability. In the event that any of the terms, covenants or conditions of this Agreement or their application shall be held invalid as to any person, corporation or circumstance by any court having competent jurisdiction, this entire Agreement shall be deemed terminated, unless amended pursuant to Paragraph 25.

28. Interpretation. Any conflict between the terms of this Agreement and its attached **Exhibits** shall be resolved in favor of the Agreement.

29. Original Counterparts. This Agreement may be executed in counterparts, each of which will be an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Contracting Parties have caused this Agreement to be executed effective the date first above written.

***[Signature Pages Follow]***


TOWN OF DILLON, COLORADO:

By: Ronald J. Holland  
Name: Ronald J. Holland  
Title: Mayor



By: Jan Thomas  
Name: Jan Thomas  
Title: Town Clerk

SUMMIT COUNTY, COLORADO


By:   
Name: Robert H. S. French  
Title: Chair, Board of County Commissioners

ATTEST:

By:   
Name: Kathleen Neel  
Title: Clerk & Recorder



APPROVED AS TO FORM:

  
Daniel Teodoru, Assistant County Attorney



COLORADO

TOWN OF SILVERTHORNE,

By: Dave Koop  
Name: Dave Koop  
Title: Mayor

ATTEST:

By: Michele Karlin  
Name: Michele Karlin  
Title: Town Clerk



## **EXHIBITS**

The following exhibits are attached to and made a part of this Agreement:

Exhibit A: Operating Agreement

Exhibit B: Chart of approval requirements by Directors and Contracting Parties

Exhibit C: Contact information for notices under Agreement

## EXHIBIT A

### OPERATING AGREEMENT

THIS OPERATING AGREEMENT among the members of the Old Dillon Reservoir Water Authority is made and entered into this 12<sup>th</sup> day of MAY, 2010 by and among the Town of Dillon ("Dillon"), the Town of Silverthorne ("Silverthorne") and the Board of County Commissioners of Summit County, Colorado ("County"), all of which are political subdivisions of the State of Colorado and shall hereinafter be referred to as "Contracting Parties."

### WITNESSETH

WHEREAS, each of the Contracting Parties is authorized and empowered to finance, construct, own, operate, maintain, repair and replace water storage facilities and diversion works, equipment and appurtenances incident thereto pursuant to C.R.S. § 31-15-708 (*i.e.*, Dillon and Silverthorne) and C.R.S. § 30-20-402 (*i.e.*, the County); and

WHEREAS, pursuant to the provisions of the Colorado Constitution, Article XIV, §§ 18.2(a) and 2(b), and C.R.S., § 29-1-204.2, known as the "Water Authority Act," the Contracting Parties have by agreement of even date herewith (the "Establishing Agreement") established the Old Dillon Reservoir Water Authority (the "Authority") as a separate governmental entity to construct, own, operate, maintain, repair and replace water storage facilities, diversion works, and inlet and outlet structures for Old Dillon Reservoir and the Dillon Ditch for the purpose of supplying water to the Contracting Parties; and

WHEREAS, the Old Dillon Reservoir Project (the "Project") is defined as the existing storage capacity of Old Dillon Reservoir in the amount of 46.14 acre-feet (the "Original Storage Capacity"), the proposed enlargement of the storage capacity of Old Dillon Reservoir in the additional amount of 240 acre-feet (the "Enlargement Storage Capacity") for a total storage capacity of 286.14 acre-feet (the "Project Storage Capacity"), and the Dillon Ditch capacity of 10.0 c.f.s. ("Project Ditch Capacity"); and

WHEREAS, the physical facilities associated with the Project will be owned by the Authority and operated by the Authority for the benefit of the Contracting Parties, subject to the terms of the Establishing Agreement and this Operating Agreement; and

WHEREAS, the water rights associated with the Project are retained by the individual Contracting Parties and, at the direction of the individual Contracting Parties who own the water rights, will be diverted through, stored in, and released from the Project facilities by the Authority; and

WHEREAS, this Operating Agreement is intended to provide terms, conditions, and criteria for the operation of the Project and the water rights of the Contracting Parties.

NOW, THEREFORE, in consideration of the mutual performance of the covenants, agreements and promises set forth hereinafter, the Contracting Parties hereby agree as follows:

1. Water Rights Owned By the Contracting Parties.

1.1 The Contracting Parties are tenants in common with the following undivided percentage interests in the water rights described in this paragraph 1.1: County, 68.75%; Dillon, 26.25 %; and Silverthorne, 5%.

1.1.1 Old Dillon Reservoir First Enlargement, in the amount of 150 acre-feet, as confirmed by decree in Case No. 93CW288.

1.1.2 Old Dillon Reservoir Second Enlargement, in the amount of 60 acre-feet, pending in Case No. 07CW223.

1.1.3 Old Dillon Reservoir Third Enlargement, in the amount of 30 acre-feet, pending in Case No. 08CW201.

1.2 Dillon retains sole ownership of the following water rights:

1.2.1 The original water storage right for Old Dillon Reservoir, in the amount of 46.14 acre-feet with a filling rate of 10.0 c.f.s., as confirmed by decree in C.A. 1806 (the "Original Decree").

1.2.2 The right of exchange of up to 20 acre-feet per year of Clinton Reservoir water to Old Dillon Reservoir, as confirmed by decree in Case No. 95CW077.

1.2.3 The right of exchange of up to 32.6 acre-feet per year of water from Dillon Reservoir to Old Dillon Reservoir, pending in Case No. 07CW232.

1.3 Silverthorne retains sole ownership of the following water rights:

1.3.1 11.87 acre-feet of annual consumptive use attributable to the Valaer Ditch water rights that were changed to allow storage in the Old Dillon Reservoir First Enlargement by decree in Case No. 93CW288.

1.3.2 The right of exchange of up to 55 acre-feet per year of Clinton Reservoir water and up to 300 acre-feet per year of Dillon Reservoir water to Old Dillon Reservoir, pending in Case No. 08CW16.

1.4 The County retains sole ownership of the following water rights:

1.4.1 The right of exchange of 53.4 acre-feet per year of Windy Gap water, as confirmed by decree in Case No. 93CW288.

1.4.2 The right of exchange of up to 155 acre-feet per year of Clinton Reservoir water, up to 133.45 acre-feet per year of Dillon Reservoir water, and up to 100 acre-feet per year of Upper Blue Reservoir water to Old Dillon Reservoir, pending in Case No. 07CW226.

1.4.3 The right of exchange of up to 300 acre-feet per year of Wolford Mountain Reservoir water to the headgate of the Dillon Ditch on Salt Lick Gulch, or to a pump station in the Blue River at Dillon Reservoir for storage in Old Dillon Reservoir, pending in Case No. 08CW202.

1.5 The Contracting Parties are tenants in common with undivided interests in the water right for a refill of 45 acre-feet to account for gross evaporation from the Reservoir, pending in Case No. 08CW201. This water right shall be allocated in the manner described in paragraph 3.6.

1.6 Dillon and the County own the following direct-flow rights decreed to the Dillon Ditch:

1.6.1 Dillon retains sole ownership of 2.0 c.f.s. of the water right for the Dillon Ditch, adjudicated in the amount of 10.0 c.f.s. in the Original Decree.

1.6.2 The County retains sole ownership of 8.0 c.f.s. of the water right for the Dillon Ditch, adjudicated in the amount of 10.0 c.f.s. in the Original Decree.

1.6.3 In the event there is insufficient water to provide the full 10 c.f.s. decreed to the Dillon Ditch, the County shall be entitled to 4/5ths and Dillon shall be entitled to 1/5th of any available water.

## 2. Ownership and Allocation of Project Storage Capacity.

2.1 The dams, embankments, outlet works, ditches, headgates, flumes, and other physical facilities associated with the Project will be owned by the Authority and operated and maintained for the benefit of the Contracting Parties pursuant to the Establishing Agreement.

2.2. Dillon is entitled to the exclusive use of 46.14 acre-feet of the Project Storage Capacity to replace the Original Storage Capacity.

2.3 Upon authorization of participation in the Project by the respective governing councils and boards of the Contracting Parties, and the completion of construction of the Project, the Contracting Parties will be entitled to the use of the following undivided percentage interests in the Enlargement Storage Capacity:

2.3.1 County: 63.8%

2.3.2 Dillon: 26.25%

2.3.3 Silverthorne: 9.95%

2.4 Based upon the completion of construction of the Project with an estimated storage capacity of 286.14 acre-feet, the Contracting Parties will be entitled to the use of the following percentages of the Project Storage Capacity:

2.4.1 County: 53.52%.

2.4.2 Dillon: 38.14%.

2.4.3 Silverthorne: 8.34%.

2.5 If, after completion of the construction of the Project there is more or less than 286.14 acre-feet of Project Storage Capacity, the ownership of the as-built Enlargement Storage Capacity shall be determined by reference to Section 2.3, and ownership of the as-built Project Storage Capacity as currently stated in Section 2.4 shall be revised accordingly to describe the final percentage of participation in the Project Storage Capacity by each party.

3. Use of Project Storage Capacity.

3.1 Each Contracting Party may use its interest in the Original Storage Capacity and/or Enlargement Storage Capacity in Old Dillon Reservoir to store, regulate, and release water under water rights and appropriations owned or controlled by that Contracting Party that may lawfully be diverted into or through, stored in, or released from the Project facilities.

3.2 Each Contracting Party may also utilize an interest in the Original Capacity and Enlargement Storage Capacity of Old Dillon Reservoir that is owned by another Contracting Party if agreed to by that Contracting Party.

3.3 Each Contracting Party may enter into agreements with other parties to use the Project Storage Capacity owned by that Contracting Party to store, regulate, and release water under other water and water rights that may lawfully be diverted into or through, stored in, or released from the Project facilities.

3.4 Water stored under the individual water rights of each Contracting Party is not subject to allocation to any other Contracting Party except by mutual agreement of the parties directly involved in such allocation.

3.5 A separate carryover storage account shall be maintained for the interest of each Contracting Party in each of the storage water rights associated with the Project. Water carried over in each of the Contracting Parties' storage accounts shall be allocated to the fill of that Party's interest in the water storage rights and shall not affect the amount of water that may be stored in the accounts of the other Contracting Parties.

3.6 Evaporation losses in the Old Dillon Reservoir shall be allocated to each storage account in the same proportion that the water stored in each account bears to the total amount of water stored in Old Dillon Reservoir during the same accounting period. Water available under the refill of 45 acre-feet pending in Case No. 08CW201 shall be allocated proportionally to replace calculated evaporation losses in the storage accounts of the Contracting Parties, to the extent that such losses can be replaced in priority.

4. Storage and Use of Water Rights of Contracting Parties.

4.1 Each Contracting Party has the right in its sole discretion to enter into leases and other contracts for the use of water derived from that Party's interest in the Project and its water rights stored therein, including leases and contracts with governmental and non-governmental entities for a limited term or in perpetuity. None of the other Contracting Parties shall have any prior right to lease or contract for such water or any interest in revenues derived from such lease or contract.

5. Allocation of Project Ditch Capacity.

5.1 The Dillon Ditch, the Project Ditch Capacity, and all appurtenances and easements are currently owned by Dillon and the County, some or all of which shall be conveyed to the Authority as described in Section 4 of the Establishing Agreement.

5.2 At the direction of the individual Contracting Parties who own the water rights, the Authority shall utilize the available Project Ditch Capacity and the flow of Salt Lick Gulch to divert water that is legally available at the headgate of the Dillon Ditch to satisfy the water rights of the individual Contracting Parties based upon the following order of priority:

5.2.1 Dillon's 2.0 c.f.s. Dillon Ditch direct flow water right under the Original Decree.

5.2.2 The original water storage right for Old Dillon Reservoir, in the amount of 46.14 acre-feet, at a rate up to 10.0 c.f.s., as confirmed by the Original Decree.

5.2.3 The Old Dillon Reservoir First Enlargement, in the amount of 150 acre-feet, the County's exchange of 53.4 acre-feet per year of Windy Gap water, and Silverthorne's change of 11.87 acre-feet of the water right for the Valaer Ditch, all as confirmed and approved by decree in Case No. 93CW288. These rights shall be deemed to have equal priority. If the County or Silverthorne elects to store under its individual priorities described in this subparagraph prior to satisfaction of the First Enlargement Right, such storage shall not reduce the rate of diversion or volume of water that may be stored by the other Contracting Parties under the First Enlargement Right during that same time period.

5.2.4 Dillon's exchange of its Clinton Gulch Reservoir water as confirmed by decree in Case No. 95CW077.

5.2.5 The Old Dillon Reservoir Second Enlargement, in the amount of 60 acre-feet, pending in Case No. 07CW223.

5.2.6 The Old Dillon Reservoir Third Enlargement, in the amount of 30 acre-feet, pending in Case No. 08CW201.

5.2.7 The exchanges of water claimed by the County, Dillon, and Silverthorne in Case Nos. 07CW226, 07CW232, and 08CW16, respectively, which shall have an equal priority.

5.2.8 The County's right of exchange of up to 300 acre-feet per year of Wolford Mountain Reservoir water to the headgate of the Dillon Ditch on Salt Lick Gulch, or to a pump station in the Blue River at Dillon Reservoir for storage in Old Dillon Reservoir, pending in Case No. 08CW202.

5.2.9 The refill of 45 acre-feet to account for gross evaporation from the Reservoir, pending in Case No. 08CW201.

5.2.10 The County's 8.0 c.f.s. direct-flow right under the Original Decree.

5.2.11 Each Contracting Party may make new appropriations of water for storage in its portion of Project Storage Capacity or for direct diversion or exchange, provided that such diversion and/or storage does not interfere with the ability of the remaining Contracting Party to exercise their relative priorities described above. Any Contracting Party may file a statement of opposition to a water court application for such water rights, but shall not oppose the entry of a decree that is consistent with this Agreement.

5.3 To the extent that the Project Ditch Capacity is not adequate to meet the demands of all of the Contracting Parties for diversion or storage of water rights having equal priority under sections 5.2.3 and 5.2.7, the Project Ditch Capacity not being used by Dillon under Sections 5.2.1 and 5.2.2 shall be allocated for use by the Contracting Parties in the undivided percentage interests described in paragraph 2.3, unless the Contracting Parties agree to another sharing arrangement.

5.4 Nothing in this Agreement is intended to alter the relative priorities of or limitations of existing decreed water rights. In the event of a conflict between the terms of this paragraph 5 and any lawful requirements for the administration of water rights decreed to the Project, diversion and storage shall occur on the basis of the order of decreed priorities.

6. Funding of Project. The obligations of the individual Contracting Parties to fund the construction of the Project are set forth in a separate Funding Agreement.



7. Allocation of OM&R costs. Each Contracting Party shall participate in the cost of operation, maintenance, and repair of the entire Project in proportion to its total ownership of, Project Storage Capacity as described in Section 2.4, as may be revised pursuant to Section 2.5.

8. Assessments on Contracting Parties.

8.1 The Authority may levy assessments on the Contracting Parties for the payment of costs and expenses approved pursuant to the Establishing Agreement.

8.2 No water shall be stored in or used from the Project by any Contracting Party that has not fully paid its assessments by the due date for such payment and who has failed to pay that amount after receiving notice that such amount is delinquent. Unpaid assessments shall bear interest at the rate of 10% per annum compounded annually from the date due. The Authority shall be entitled to lease that portion of the Project Storage Capacity and Project Ditch Capacity allocated to any delinquent Contracting Party for the benefit of the remaining Contracting Parties that have fully paid their assessments, or to any other person to the extent allowed by this Agreement and the Establishing Agreement. The proceeds from such lease shall be used first to pay the delinquent Contracting Party's current assessments and then to pay any unpaid assessments of the delinquent Contracting Party. The proceeds of such lease, over and above the amount due, shall be paid to the delinquent Contracting Party. Failure of the Authority to lease such Project Storage Capacity or Project Ditch Capacity shall not preclude the Authority from enforcing the Authority's lien for assessments in any other manner allowed by the Establishing Agreement.

9. Accounting for Water Diversions, Storage and Releases. The Authority shall maintain records of diversions, storage, and release of water from all accounts in the Project and shall submit those records to the State and Division Engineers as required by law. The individual Contracting Parties shall provide to the Authority records of their use of Project water as reasonably required by the Authority.

10. Green Mountain Reservoir Contract.

10.1 The Parties agree to cooperate in applying for and securing a contract for Green Mountain water, a substitution agreement with the Bureau of Reclamation, and/or other arrangement to allow storage of water rights in the Enlargement as against Green Mountain's 1935 storage and direct-flow water rights and other senior calling water rights. The cost of such a contract, agreement, or arrangement shall be paid solely by the Contracting Parties participating in that contract.

10.2 If, after reasonable efforts, Dillon and the County are unsuccessful in securing a contract for Green Mountain water, a substitution agreement, and/or other arrangement as described in Section 10.1, Silverthorne may in its own discretion consider

a partial assignment of Silverthorne's Green Mountain contract on terms acceptable to the parties participating in that partial assignment.

11. Operations Committee. The Contracting Parties shall each appoint a person to serve on the Operations Committee to undertake certain actions and responsibilities under this agreement. At the beginning of each water year used for operation of the Project, the Operations Committee shall determine the amount of water in each account of the Contracting Parties and develop an initial plan for operating the Project through the end of the water year for the Project. Such plan shall take into account anticipated releases from storage, projected stream flow and anticipated diversions for direct flow, exchange and storage, releases of water from storage, and the location of such release, based on estimated demand by the Contracting Parties. All Contracting Parties shall advise the Operating Committee promptly of any changes in their estimated demand from the Project to allow for timely adjustment to the plan. The plan shall be updated periodically as new information becomes available. The initial plan and all updated plans shall be provided to the Authority directors on a monthly basis or more frequently based on changes to the plan.

12. Water Trading. The loan, exchange, substitution, and trading of water, to the extent permitted by law, shall be encouraged between the Contracting Parties in order to improve the yield of the Project water rights, under conditions acceptable to the Contracting Parties.

13. Notices. Any formal notice, demand or request provided for in this Agreement shall be in writing and shall be deemed properly served, given or made and received if delivered in person or sent by registered or certified mail, postage prepaid to the Contracting Parties at the addresses as set forth in the Establishing Agreement, unless another address is certified to the Authority.

14. Effective Date. This Agreement shall become effective when it has been duly executed on behalf of all of the Contracting Parties.

15. Amendments. This Agreement may be amended only by written document approved by formal authority of the governing bodies of all of the Contracting Parties; provided, however, that such amendment will not affect other outstanding obligations of the Authority unless provision for full payment of such obligations, by escrow or otherwise, has been made pursuant to such obligations.

16. Interpretation. In the event of a conflict between the provisions of this Agreement and the Establishing Agreement, the terms of the Establishing Agreement shall control.

17. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the successors, assigns and legal representatives of the parties hereto. Upon the admission of new Contracting Parties to the Authority pursuant to the Establishing Agreement, the new parties shall be deemed to be Contracting Parties

for all purposes under this Agreement and the rights and obligations of the Contracting Parties shall be determined based on their respective interests in the Original Storage Capacity and the Enlargement Storage Capacity and their ownership of water rights that may be diverted and/or stored in or through Project facilities.

18. Severability. In the event that any of the terms, covenants or conditions of this Agreement or their application shall be held invalid as to any person, corporation or circumstance by any court having competent jurisdiction, the entire Agreement shall be deemed terminated, unless amended pursuant to Section 16.

19. Original Counterparts. This Agreement may be executed in counterparts, each of which will be an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Contracting Parties have caused this Agreement to be executed effective the date first above written.

***[Signature Pages Follow]***

TOWN OF DILLON, COLORADO:

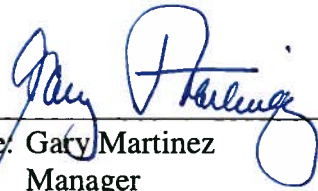
By: Ronald J. Holland  
Name: Ronald J. Holland  
Title: Mayor

TEST:

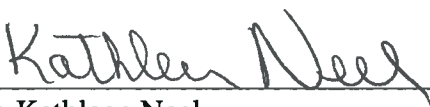


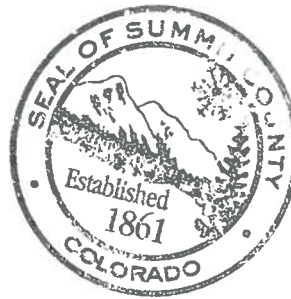
By: Jan Thomas  
Name: Jan Thomas  
Title: Town Clerk

SUMMIT COUNTY, COLORADO

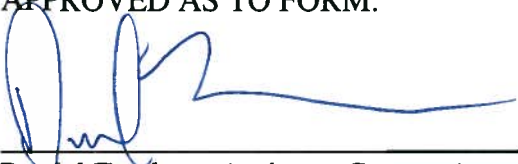
By:   
Name: Gary Martinez  
Title: Manager

ATTEST:

By:   
Name: Kathleen Neel  
Title: Clerk & Recorder



APPROVED AS TO FORM:

  
Daniel Teodoru, Assistant County Attorney

COLORADO

TOWN OF SILVERTHORNE,

By: Dave Koop  
Name: Dave Koop  
Title: Mayor

ATTEST:

By: Michele Karlin  
Name: Michele Karlin  
Title: Town Clerk



# EXHIBIT B

Agreement Section #	Power; Action	Board of Directors		Contracting Parties	
		Majority		Majority	80%
5.1	Acquire real property & improvements	<\$50,000			>\$50,000
6.2	Dispose of real property & improvements	<\$50,000			>\$50,000
5.1 6.3	Acquire, construct, enlarge, reconstruct, facilities	<\$50,000			>\$50,000
5.1 6.3	Maintain and repair facilities			<\$50,000	>\$50,000
5.1	Operate facilities			x	
5.1	Acquire facilities by lease	x			
5.2	Obtain & amend permits for functions in Sec. 5.1	Other permits		Permits for maintenance and repair of facilities	
5.5	Provide other services as determined by the Board of Directors	x			
6.1	Develop water systems			<\$50,000	>\$50,000
6.2	Acquire real property by gift, purchase			<\$50,000	>\$50,000
6.4	Own, operate and maintain property and facilities jointly with others	<\$50,000			>\$50,000
6.5	Make and enter into contracts	<\$50,000			>\$50,000
6.6	Employ agents & employees	x			
	Approve expenditures within annual budget	x			
6.7 6.2	Condemn property for fee ownership or rights-of-way				x
6.8	Incur debt, borrow money for more than 1 year; subject to annual appropriation by the Parties				x
6.8	Mortgage / pledge assets				x

6.9	Sue and be sued	Defend suit	Bring suit
6.11	Fix fees, rates and charges for services & facilities		<\$50,000 total
6.12	Set amount of assessments on the Parties for operation, maintenance and repair of the Project		>\$50,000 total
6.13	Replace, enlarge, repair or modify the Project		>\$50,000
6.14	Adopt rules & regulations	x	
	Enter into IGA's with other governments / special districts	x	
6.15	Exercise other powers "essential to the provision" of the services of the Authority	x	
6.16	Take other acts authorized by C.R.S. 29-1-204.2	x	
6.18	Rehabilitate / reclaim lands affected by Project construction		<\$50,000
6.19	Compensate property owners for damages		<\$50,000
6.20	Issue bonds & notes		x
8.12.4	Adopt annual budget (fiscal resolution); amendments to budget for specific items to be approved in accordance with other sections		x
9.1	Elect officers	x	
9.2	Remove officers from office		x
11	Maintain insurance	x	
25	Amend the Agreement	Unanimous agreement of all Contracting Parties	
24	Terminate the Agreement	Unanimous agreement of all Contracting Parties	

**Footnotes:**

1. An x or other entry in a column denotes the matters that are subject to voting by the Board of Directors or Contracting Parties under paragraphs 7 and 8 of the Establishing Agreement.
2. The dollar figures in this table will be adjusted every 5 years based on the change in the Consumer Price Index for All Urban Consumers ("CPI-U") for the Boulder-Denver-Greeley Metropolitan Area where the base period will be the month in which the Establishing Agreement is executed by the Contracting Parties.



## **EXHIBIT C**

### **NOTICES**

#### **TO SUMMIT COUNTY:**

Gary Martinez  
County Manager  
Summit County  
P.O. Box 68  
Breckenridge, CO 80424

#### **WITH A COPY TO:**

Jeffrey L. Huntley, Esq.  
Summit County Attorney  
Summit County Courthouse  
P.O. Box 7986  
208 Lincoln Ave.  
Breckenridge, CO 80424

#### **TO TOWN OF DILLON:**

Devin Granbery  
Town Manager  
Town of Dillon  
275 Lake Dillon Dr  
Dillon, CO 80435

#### **WITH A COPY TO:**

Mark Shapiro, Esq.  
Mark R. Shapiro, P.C.  
1650 - 38th Street, Suite 103  
Boulder, Colorado 80301

#### **TO TOWN OF SILVERTHORNE:**

Kevin Batchelder  
Town Manger  
PO Box 1309  
Silverthorne, CO 80498

#### **WITH A COPY TO:**

Gerald Dahl, Esq.  
Murray Dahl Kuechenmeister & Renaud LLP  
1530 16th Street, Suite 200  
Denver, CO 80202