

LA PLATA ARCHULETA WATER DISTRICT
A RESOLUTION AUTHORIZING JOINT-ACTION IGA
WITH THE TOWN OF BAYFIELD WATER ENTERPRISE

WHEREAS, the La Plata Archuleta Water District (the “**District**”) is a quasi-municipal corporation and political subdivision of the State of Colorado (the “**State**”) and a duly organized and existing special district pursuant to Title 32, Article 1, C.R.S.; and

WHEREAS, pursuant to section 18(2)(a) of article XIV of the Colorado Constitution, political subdivisions of the State of Colorado are encouraged to contract with one another to provide any function, service, or facility lawfully authorized to each of the contracting units, including the sharing of costs, the imposition of taxes, or the incurring of debt; and

WHEREAS, the Town of Bayfield, Colorado (“**Town**”) is a statutory town and political subdivision of the State of Colorado operating pursuant to Title 31, C.R.S., which is lawfully authorized to provide water treatment and water distribution services within its Service Area, and which operates an existing Water Treatment Plant (“**WTP**”) with a design capacity of 1.5 million gallons per day (“**MGD**”); and

WHEREAS, the District has adopted a Master Plan which identifies the highest priority for the District to begin delivering treated water to its customers as being a partnership with the Town to treat water to serve both the Town and District in a manner that will result in lower capital costs and lower operating, maintenance and repair (“**OMR**”) costs to their respective customers; and

WHEREAS, the District Master Plan estimates the District’s need for approximately 0.75 MGD of treatment plant capacity in partnership with the Town to provide service to a portion of the District’s customers through approximately the year 2030; and

WHEREAS, a Feasibility Study completed by Briliam Engineering in August of 2011 (“**2011 Study**”) for the Town and the District concerning the expansion of the capacity of the Town’s water treatment plant for the future operation and use of the Town and the District, found that the existing WTP site can be expanded to accommodate an additional 2.0 MGD of capacity, of which 1.0 MGD was recommended initially, and that both the Town and the District will realize significant capital and OMR cost savings from such an expansion; and

WHEREAS, the Town and the District propose to initially develop 1.0 MGD of additional treatment capacity by expanding the Town’s WTP from the existing 1.5 MGD design capacity to 2.5 MGD design capacity to enable each Party to operate a Public

Water System pursuant to a Joint-Action Intergovernmental Agreement (“IGA”) which has been negotiated by the Town and the District. The purpose of the IGA is to establish the basis for sharing costs of construction; making provision for financing the expansion of the WTP, if necessary; and making provision for engineering, design and construction of new Joint Use Water Facilities (as therein defined and identified); and

WHEREAS, pursuant to Section 29-1-203, C.R.S., the Town and the District desire to establish this IGA to provide for design, engineering and financing of the WTP expansion and new Joint Use Water Facilities, and operation, maintenance, repair and replacement of new and existing Joint Use Water Facilities during the term of the IGA; and

WHEREAS, expansion of the WTP and construction and operation of all Joint Use Water Facilities will serve a public purpose and will promote the health, safety, security and general welfare of the taxpayers, residents and visitors of the District and the State of Colorado.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the La Plata Archuleta Water District as follows:

1. Authorization of Joint-Action Intergovernmental Agreement. The Board hereby approves the form and substance of the Joint-Action Intergovernmental Agreement in the form presented at this meeting and declares this IGA to be in the best interests of the District and the residents of the District who wish to connect to the water service to be provided by the District. This IGA, in substantially the form and with substantially the content presented to the Board, is in all respects approved, authorized and confirmed. The Board authorizes the Chairman to execute the IGA for the District in the form presented, or with such modifications as are acceptable to the Chairman, the General Manager and legal counsel for the District.

2. Authorization of Design and Construction Expenditures. The IGA, in substantially the form and with substantially the content presented to the Board, is in all respects approved, authorized and confirmed, including the expenditures which the District is obligated to make pursuant to the provisions of the IGA. The Board hereby determines and declares: (a) the expenditures authorized under the IGA approximate the fair value of the acquisition of treatment capacity in the WTP and (b) the costs for Finished Water provided in the IGA and the other terms of the IGA do not place the District under an economic or practical compulsion to appropriate moneys to make payments under the IGA. In making such determinations, the Board has given consideration to the current cost to design, permit and construct a new water treatment plant for the District, the cost and use of the Joint Use Water Facilities, and the benefits

to the residents and taxpayers of the District of acquiring capacity in an existing water treatment plant.

3. Execution of Miscellaneous Documents. The Chairman is authorized and directed to execute the IGA in substantially the form and with substantially the same content as presented to the Board, for and on behalf of the District, and to execute all other additional certificates, documents and other papers associated with the transactions and other matters authorized by this Resolution, but with such changes therein as the Chairman may deem necessary or appropriate, as evidenced by the execution thereof. The Secretary is hereby authorized and directed to attest all signatures and acts of any official of the Board or the District on the IGA.

4. IGA Subject to Annual Appropriation. No provisions of this Resolution or the IGA shall be construed as creating or constituting a general obligation or multiple-fiscal year direct or indirect indebtedness or other financial obligation whatsoever of the District, nor a mandatory payment obligation of the District in any ensuing fiscal year during which the IGA shall be in effect. The District shall have no obligation to make any payment except in connection with the payment of the amounts due under the IGA in accordance with its provisions for delivery of Finished Water to the District. The Board hereby determines and declares that the twenty-year duration of the IGA does not exceed the weighted average useful life of the improvements to the WTP and the other Joint Use Water Facilities to be constructed.

5. Qualified Tax-Exempt Obligation. The District reasonably anticipates to issue not more than \$25,000,000 of tax-exempt obligations (other than "private activity bonds" which are not "qualified 501(c)(3) bonds") during 2012 or 2013.

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

7. Ratification of Prior Actions. All actions heretofore taken (not inconsistent with the provisions of this Resolution) by the Board or by the officers, employees and agents of the District directed toward the IGA and its financing for the purposes herein set forth are hereby ratified, approved and confirmed.

8. Effective Date. This Resolution shall take effect and be enforced immediately upon its approval by the Board.

ADOPTED this 14th day of June, 2012.

La Plata Archuleta Water District

By Richard T. Lunceford
Richard T. Lunceford, Chairman

Attest:

Cheryl Lynn
Cheryl Lynn, Secretary