

**UPPER ARKANSAS WATER
CONSERVANCY DISTRICT**

Regular Meeting of the Board of Directors

**August 13, 2020
1:30 P.M.**

A regular meeting of the Board of Directors of the Upper Arkansas Water Conservancy District was held Thursday, August 13, 2020, at the District offices, 339 East Hwy 50, Salida, Colorado, following the Water Activity Enterprise committee meeting, notice having been given by posting of Notice and Agenda on August 12, 2020, at the offices of the Upper Arkansas Water Conservancy District, 339 East Hwy 50, Salida, Colorado.

DIRECTORS PRESENT (IN-PERSON)

Tim C. Canterbury Tom E. French
Richard Hilderbrand Warren Diesslin

DIRECTORS PRESENT (BY REMOTE VIDEO AND AUDIO CONFERENCING)

Robert B. (Bill) Donley Tom Goodwin
Mannie Colon Gregory W. Felt
Tim Payne Mike Shields

DIRECTORS ABSENT

Franklin J. (Jay) Moore
Brett McMurry
Tony Telck

DISTRICT OFFICIALS/STAFF MEMBERS PRESENT (IN-PERSON)

Ralph L. (Terry) Scanga, General Manager Ken Baker, Consultant
Jord Gertson, Hydrologist Jennifer A Scanga, Secretary
Gracy Goodwin, Projects Manager

DISTRICT OFFICIALS/STAFF MEMBERS PRESENT (BY REMOTE VIDEO AND AUDIO CONFERENCING)

Wendy Ryan, Engineer
Kendall K. Burgemeister, Attorney

DISTRICT OFFICIALS ABSENT

None

STATE OFFICIALS PRESENT (BY REMOTE VIDEO AND AUDIO CONFERENCING)

Bill Tyner, Division Engineer

STATE OFFICIALS ABSENT

Brian Sutton, Augmentation Coordinator/Water Commissioner

EX-OFFICIO REPRESENTATIVES PRESENT (IN-PERSON)

Tom Flower, Custer County Commissioner

EX-OFFICIO REPRESENTATIVE PRESENT (BY REMOTE VIDEO AND AUDIO CONFERENCING)

Dave Schneider, Round Mountain Water and Sanitation District Manager
Joel Benson, Town of Buena Vista

EX-OFFICIO REPRESENTATIVES ABSENT

Brian Berger, Poncha Springs Administrator
Michael Patterson, Florence City Manager
John Roorda, Chaffee County Planning Manager
Shawn Williams, Buena Vista Public Works Director

RECORD OF PROCEEDING

George Medaris, District Manager, Round Mountain WSD
Philip Puckett, Buena Vista Town Administrator
Bob Hartzman, Canon City Water Superintendent
Council Representative, Salida City Council

GUESTS PRESENT (IN-PERSON)

Jim and Margie Conley, Control Design

GUESTS PRESENT (BY REMOTE VIDEO AND AUDIO CONFERENCING)

Joe Stone, Ark Valley Voice

PLEDGE OF ALLEGIANCE

Chairman Canterbury led attendees in the Pledge of Allegiance.

INTRODUCTION OF GUESTS

Guests were asked to introduce themselves.

MINUTES OF THE MEETING OF July 9, 2020

The minutes of the meeting of July 9, 2020, were approved upon motion by Director Hilderbrand with second by Director Colon.

FINANCIAL REPORTS

Upon motion by Director Colon with second by Director Goodwin, the Board approved the monthly financial report dated July 31, 2020

PROGRAM PRESENTATIONS

A presentation was given by Jim Conley of Control Design regarding the building of a telemetry network, SCADA, on North Fork Reservoir Operations. The SCADA (Supervisory Control and Data Acquisition) system would allow the district to access data from the reservoir remotely and interact with devices through interface software. Director Colon asked Mr. Conley how the operation works and if it was through satellite. Mr. Conley explained that the system uses low frequency radio signals and these signals can be carried through mountain terrain. Manager Scanga gave a brief history of the District's development of remote monitoring using satellite telemetry and described how the District's conceptual plan in 2007, when the District's monitoring stations and telemetry were established, was to include supervisory control to at least North Fork Reservoir. Mr. Conley added that Control Design's radio signal system is better than satellite and the installation is less expensive, the total cost being \$17,276.00. Director Canterbury asked the life span of the equipment. Mr. Conley said the equipment lasts as long as needed and failure rate is 1%. He added that the equipment comes with a two-year warranty. Director Goodwin asked if other options had been pursued. Hydrologist Gertson answered that a few other options had been explored but none compared to the Control Design SCADA's abilities or reliability. Director French asked how much of a priority it is to the district. Hydrologist Gertson explained that due to the road conditions to North Fork, the timeliness of projects has been an issue as well as the ability to check important equipment causing inefficiencies in water exchanges. Manager Scanga called the project a necessity not a luxury item. He stated that without the project there would be less efficiency and the system will help optimize the use of water resources. Director Donley questioned whether there would be maintenance fees. Mr. Conley stated that the system has been so refined over the last 20 years and is so reliable, there is no need for a maintenance contract.

Vice-Chairman Felt added that the project had been discussed in the past and he thought it was a good idea. He made a motion to move forward with the SCADA project and approve the contract with Jim Conley and Control Design. The motion was seconded by Director Payne. Motion was unanimously approved by the Board. The project will begin the end of the month.

EX-OFFICIO REPORTS

There were no ex-officio reports.

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PROJECTS MANAGER REPORT – Gracy Goodwin

A project update was presented by Projects Manager Goodwin. PM Goodwin discussed grants in progress for Round Mountain and DeWeese. The Round Mountain Reservoir Feasibility Study is supported by Ark Basin Roundtable and support letters were received from Westcliffe and Silver Cliff. A grant request and application was submitted to CWCB. PM Goodwin said she will be discussing more at the September meeting.

PM Goodwin stated that the DeWeese Enlargement Feasibility Study site survey and Inflow Design Flood, IDF draft reports have been completed. She added that the Needs Assessment meetings are continuing and looking at land inundation. She said that an initial progress report and reimbursement request has been submitted. She was asked about the potential for any problems that may involve the Wild and Scenic Study Area on Grape Creek. Manager Scanga stated that he did not believe the reservoir was in the WSA.

PM Goodwin reported on the augmentation Station in St. Charles Mesa Water District, CID 2 explaining that work will begin September. It was moved back a month due to another diverter in the area.

PM Goodwin displayed slides with staff photos from the Staff Training Day, Friday, August 7th, attended by herself, GM Scanga, Hydrologist Gertson and Administrative Assistant Scanga. The field training took place at North Fork Reservoir where staff were able to see the dam equipment and how each component works and receives information. PM Goodwin commented on how a field training day benefits those of us who hear the water terminology daily but never get to see it in real life. She added that regular training days should be scheduled and would be beneficial for Directors and Staff alike. She concluded her project report with a photo of UAWCD's new mascot, "Coco", the Chocolate Labrador.

CONSULTANT REPORT – Ken Baker

Consultant Baker provided a summary of legislative activities. He reported that the two Houses of the General Assembly were constrained from meeting as a group forum. These legislative committees combined to deliberate legislative proposals and voted to approve them. His report included a detailed review of the laws passed by the Colorado General Assembly in the year 2020, prepared by Richard Brown of the Pikes Peak Regional Authority.

Consultant Baker gave a brief explanation about the Clean Water Act and how the regulatory framework establishes regulatory permitting programs for dredge and filling of waters. He added that the State of Colorado disagrees with the "gap-waters" that have been left unregulated by the Navigable Water Protection Rule. Consultant Baker stated that The Colorado Water Congress has voted to file an Amicus Brief opposing the State of Colorado and supporting the Federal Government.

Consultant Baker discussed how Demand Management has been a topic State concern for several years. Included in his report was an Executive Summary from the CWCB. The report reviews a feasibility investigation in a program that would pay water users to reduce consumption of water and add water back into Lake Powell. This plan is known as Demand Management, a compensated water-use reduction plan. The article explained the goal of a demand management program would be to defend against a "compact call", triggering mandatory cutbacks for water users.

Also included in Consultant Baker's report was a statement from Senator McSally of Arizona and her disagreement with the prospect of "beneficial use" of water as is described in the Colorado Constitution, which is water that can be used to satisfy the goals proposed by Demand Management.

Another item of discussion was an article describing the story of the Gunnison Tunnel and the legend of the local farmer, along with other farmers and ranchers who promoted a tunnel from the Black Canyon, to divert water to the Uncompahgre Valley. Consultant Baker explained how the story is an earlier statement of a few irrigators in the Upper Arkansas valley and the creation of a new water conservancy district together with general augmentation plan, created an a new hallmark of water sharing and water administration in the Arkansas River basin.

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In conclusion to Consultant Baker's report, he added another article describing the future wells in the San Luis Valley. The write up explains how the People's Ditch, near Conejos is the oldest water right in the State of Colorado. It also describes the present water rights dilemma and the impact the recent history of drought has on agriculture.

COMMITTEE REPORTS

None

RESUME REVIEW COMMITTEE

Nothing of significance for the District in the Resume.

MANAGER'S REPORT – Terry Scanga

Employment Policy Update

Manager Scanga reported that he has sent some employment policy documents to Mr. Burgemeister and he is working on developing a policy document for perusal by the board.

Augmentation Certificate Delinquencies

General Manager Scanga reported on Augmentation Certificate Delinquencies, certificates number 1102 and 1281 and recommended the board approve forfeiture unless the respective party's respond positively to the district's latest entreaty. He stated that there are several people behind on storage fees and meter readings. GM Scanga added that they have all been notified and one with a lienholder has also been notified.

Manager Scanga asked for a vote from the Board to grant authority to move forward with exercising forfeitures on delinquent accounts.

Director Payne asked how long they have until forfeiture. Manager Scanga explained that he will move forward after the required time allotted pursuant to their contracts.

Director Payne made a motion to approve the forfeiture, seconded by Director Donley. Motion was approved by Board.

Vice Chairman Felt asked if he could help by contacting holders of the delinquent accounts since he may know some of the people, and he felt he could assist in getting their accounts up to date. Manager Scanga voiced that he thought it was a good idea and would send him the information. He added that he had already contacted Director French to assist on one of these since he knew the lienholder and that he expects them to remedy the delinquency on that certificate.

Lake County Augmentation Plan Administration

Manager Scanga gave an update on the Lake County Augmentation Plan Administration. He reported that he has reviewed their decree. Although Lake County is not part of the District, we could provide administrative services.. Manager Scanga says he is proposing a two pronged approach. First enter into an agreement that would provide an analysis of their decree and what would be necessary to administer their decree. This would utilize district legal and engineering consultants. Secondly, an agreement that would provide the administration of the plan including help in developing a fee structure. The initial agreement would basically set forth what it would take to set up the administration such as forms for accounting and the application process as well as reporting tasks. The second agreement would be the actual administrative services contract for the actual operations.

Manager Scanga suggested a tiered pricing structure and also include a potential for a waiver of annual administrative fees if and when Lake County were to be included in the district. This was a provision requested by Commissioner Mudge as an option in the agreement. The tiered structure for rendering services could include the following: Application Fee, Annual Administration Fee, Water Fee, and Annual Maintenance and Storage Fee. The District would retain the application fee, annual administration fee and probably a portion of the annual maintenance and storage fee.

Canterbury asked how long it would take to get the initial agreement in effect. Scanga stated 30-60 days. Commissioner Mudge has requested a review of various documents related to Lake County's water rights and contractual options in those agreements by either the district or directly with our legal consultant and engineering consultants. She stated that since we are developing an administration agreement it may make sense to have these experts involved in this review.

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Donley asked if the other County Commissioners are on board. Manager Scanga stated that he believes that they are all on board at this time. Further board members asked some questions about the potential for inclusion of Lake County into the district. Manager Scanga stated that he is not sure what other lake county citizens think about that possibility but our board would have to approve any inclusion. In any case it is up to the local Lake County citizens to bring a petition process forward.

Director Felt commented that we have a lot of shared interests and applauded Commissioner Mudge and Manager Scanga on working together for an agreement that he is in full support of.

CWCB-UAWCD Stream Management Planning

Manager Scanga updated the board on ongoing work with CWCB in trying to work out stream management plans for Gray's creek, Cottonwood creek and the South Arkansas. He stated that we are trying to determine how much water we can provide to enhance flows on these streams and when the CWCB has the most critical need. In any case we would need in return the ability to refill reservoirs to meet our augmentation needs. He envisions the process would be a two-step process.

The first step is to get CWCB to support an application to the state engineer for pre-existing un-decreed uses. That is uses established before the CWCB instream flow appropriation. He believes we can get evaporation losses covered at a minimum. Under new law the State Engineer has the authority now to approve these uses.

Secondly, identify critical periods for the instream flow and determine if we can make an exchange to our vessels without the instream flow call in effect but this would have to be a period when there are no local water calls. That is the difficulty regardless of whether or not the CWCB is placing a call on its instream flow rights.

Manager Scanga stated that he foresees at least 3 separate agreements

Right now we are reviewing internally and with consultants to understand what the agreement(s) could look like. In any case we need more time to develop these agreements. We need to figure out what steps need to be taken without jeopardizing our water needs.

Director Felt commented that the board needs to look ahead at future issues while negotiating deals

ENGINEER'S REPORT – Wendy Ryan, Colorado River Engineering (CRE)

Wendy Ryan of Colorado River Engineering reported on activities from the past month. She said they have been working on the engineering for the Hoosier Ditch Case and the Cottonwood Irrigating Ditch Case and reported that the Blue Line Expansion Case deadline has been extended for another month.

LEGAL REPORT – Law of the Rockies, Kendall Burgemeister

Opposition updates and transactional matters are included in the Law of the Rockies legal report in the Board's binders.

Atty Burgemeister clarified to board members (see project manager report on DeWeese Reservoir Study above) that the Grape Creek wilderness study area excludes our area of interest and in any case wilderness legislation disclaims any federal reserve water rights. DeWeese Reservoir will not be affected under the legislation and UAWCD exchange study.

Atty Burgemeister reported that the Employment Policy is still in the works and he will try to have a draft available by the next board meeting. He also reported on two new stipulations for the Blue Line Expansion case; The Town of Buena Vista, and St. Charles Mesa Water District. He did not provide the stipulation documents since both stipulations follow the same language as previous stipulations. Atty Burgemeister asked for a motion to approve both stipulations. Director Donley made a first motion, seconded by Vice-Chairman Felt. Motion was unanimously approved by the Board.

The next topic of discussion reported by Atty Burgemeister was the Canon City Urban Renewal Authority for the "Canon City Area for Reinvestment Expansion" (CCARE). Mr. Burgemeister provided a memorandum to the board explicating the requirement under state statute that special taxing districts are required to enter into an agreement with the URA. Several entities have already made agreements with the CCURA. A review of some of the conditions that were asked by other special districts were:

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The agreement with the fire district includes:

- A condition to terminate the agreement if Canon City fails or ceases to contribute certain property and sales tax revenue to CCARE.
- A requirement to confer in good faith about additional revenue sharing if developments disproportionately increase the demand for emergency services.
- 5 -year review to determine if the shareback adequately addresses impacts of the plan on fire district services.

The agreement with Fremont County includes:

- When tax exempt property becomes taxable (e.g. when the City sells property to a developer), 50% of the value is allocated to the “base” value (so the mill levy would be allocated to the county).
- Shareback of 50% of increment revenue from development of vacant land into non-sales tax producing property.
- Administrative fee to cover the cost of the County Assessor’s administration of the TIF
- 5-year review to determine if the shareback adequately addresses impacts of the plan on county services.
- A condition to terminate the agreement if Canon City fails or ceases to contribute certain sales tax revenue to CCARE.

Manager Scanga said we should enter into an agreement with Canon City wherein the incremental property tax increase due to the increase in assessed valuation caused by investments by the URA in the blighted properties are allocated to the Authority.

Director Payne commented that he agreed with using the same language as the county and fire district and having it reviewed every 5 years. He also explained that the vacant land in Canon City owned by the city is tax exempt and would like to negotiate a lease for 50 % shareback on sales tax collected. Director Payne added that since the Fire District is heavily impacted and involved in this area that the special districts should be represented by a member from the Fire District.

The board asked various questions including the impact of a Gallagher Repeal, which Burgemeister stated he felt it would have no impact; and the location of the Urban Renewal Area in Canon City.

Attorney Burgemeister suggested the District seek at least the following basic conditions in any agreement:

1. If in the future voters of the District approve an increase in property taxes, C-CARE agrees to pay to the District an amount equal to the mill levy imposed pursuant to any such voter approval
2. C-CARE agrees to calculate and deposit into an account for the benefit of the District a shareback of TIF pursuant to C.R.S. § 31-25-107(9.5) For property classifications that change from tax exempt to taxable (TIF Shareback)
3. On or after 5 years from the Effective Date of the Plan, and every 5 years thereafter while the TIF is authorized as provided by law, the District may initiate a review of the direct and indirect impacts to the District within the Plan Area to determine whether the TIF Shareback adequately addresses the quantifiable impacts of the Plan on the District within the Plan Area.
4. In the event that the City fails to dedicate incremental tax revenues the amount of property tax revenues dedicated to the TIF, and the Agreement shall be deemed canceled.
5. The City and C-CARE represent and covenant that when the TIF expires, the reallocation of the increment back to the District will not result in an increase in the revenues of the District for the purposes of any limitation in year-over-year increases in revenue pursuant to the Taxpayer’s Bill of Rights (“TABOR”), and agree that the District may reasonably rely on this representation in determining to enter into this Agreement.

*A copy of the full draft agreement is attached herein for reference.

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CHAIRMAN AND DIRECTOR REPORTS

Chairmen Canterbury asked Division Engineer Bill Tyner about the Decennial Abandonment List. Engineer Tyner answered that many water rights included this time were water rights that have only been partially exercised in the last few years. He added that the division of water resources has an online objection form to lodge a complaint and owners have only one year, until July 2021, to lodge a protest. After July of 2021, there are approximately six months before a water court hearing. Out of the 900 water rights listed, there are only 9 objections.

Director Goodwin asked Tyner if he has heard any information regarding filling empty jobs with state water officials. Engineer Tyner said they have yet to fill the District 11 water commissioner position due to the condition of state budgets.

Vice-Chairman Felt stated that he looked at rivers in the state and they are about 25 percent lower for this time of year except for the Arkansas, primarily due to the VFMP.

Director French concurred that the Arkansas River is significantly better than the local tributaries in his area and expressed his concern that wells could be impacted by the drought.

Director Donley mentioned to the Board that he investigated an “owl” camera for video conferencing and says the cost is approximately \$1200.00. Vice-Chairman Felt said it would benefit the Board and added that the one used by the county is very useful.

NOTICES & MEETINGS

ADJOURN

There being no further business to come before the Board, upon motion by Director Colon, second by Director Donley and approval of the Board, the meeting adjourned at 3:25 pm.

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AGREEMENT BY AND BETWEEN THE CAÑON CITY AREA FOR REINVESTMENT EXPANSION, THE CITY OF CAÑON CITY, AND THE UPPER ARKANSAS WATER CONSERVANCY DISTRICT

This **AGREEMENT** (the "Agreement") is entered into by and among the **CITY THE CAÑON CITY** ("City"), a home rule municipal corporation of the State of Colorado, the **THE CAÑON CITY AREA FOR REINVESTMENT EXPANSION** ("C-CARE"), an urban renewal authority and body corporate and politic of the State of Colorado, and the **UPPER ARKANSAS WATER CONSERVANCY DISTRICT** (the "District"), a political subdivision of the State of Colorado (individually a "Party" and collectively the "Parties").

RECITALS

WHEREAS, pursuant to the Colorado Urban Renewal Law, Section 31-25-101, *et seq.*, C.R.S. (the "Act"), the City Council of the City formed C-CARE by Resolution No. 7, Series 2020;

WHEREAS, pursuant to the Act, the City Council of the City is considering adoption of an urban renewal plan referred to as the Cañon City Area for Reinvestment Expansion Urban Renewal Plan Area ("Plan Area") described with particularity in the Plan;

WHEREAS, the District is a taxing entity whose boundary includes real property within the boundary of C-CARE;

WHEREAS, the Act authorizes, and the Plan will provide, for the use of tax increment financing by C-CARE to assist with the development of projects subject to approval of an agreement between C-CARE and a property owner or developer;

WHEREAS, the Act provides for the division of taxes collected from the taxable property within a plan area in the following order: first to existing taxing districts of the base amount determined in accordance with statute and the Assessor's Reference Library (the "ARL"); second to any bonds, loans, or advances to, or indebtedness incurred by, and urban renewal project or to make payments under an agreement executed pursuant to C.R.S. § 31-25-107(11); and third, upon payment of such bonds, loans, advances, indebtedness and contractual obligations, to the respective taxing authorities;

WHEREAS, pursuant to the ARL and C.R.S. § 31-25-107(9)(e), whenever there is a general reassessment of property, the base and increment values are proportionately adjusted in accordance with the reassessment, while property-specific non-reassessment changes in value affect the increment only; the county assessor is required to track changes in value in each property in the TIF area; and C-CARE is encouraged to provide the assessor with a description of planned redevelopment activities and a list of properties that the authority believes are subject to property-specific non-reassessment changes in value;

WHEREAS, C.R.S. § 31-25-107(9.5) requires that the Plan may be adopted with a provision for tax increment financing and that C-CARE and the District must enter into an agreement regarding the sharing of incremental property tax revenue;

WHEREAS, C.R.S. § 31-25-107(9.5) further provides that revenues from a property tax mill levy increase approved by District voters in the future after approval of an urban renewal plan be paid in full to the District; and

WHEREAS, the Parties recognize that this Agreement satisfies the requirements of C.R.S. § 31-25-107(9.5).

AGREEMENT

NOW THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein, the mutual covenants and promises set forth herein, and other good and valuable consideration, the receipt of sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Incorporation of Recitals. The foregoing recitals are incorporated into and made a part of this Agreement.
2. District Mill Levy Allocation. The District agrees that C-CARE may retain all incremental property tax revenues generated in the Plan Area solely as a result of the District's mill levy upon taxable property within the Plan Area, except as expressly set forth herein and subject to the conditions set forth herein.
 - a. If in the future voters of the District approve an increase in property taxes, C-CARE agrees to pay to the District an amount equal to the mill levy imposed pursuant to any such voter approval times the incremental assessed value within the Plan Area if C-CARE receives such amount. C-CARE shall pay the amounts due to the District pursuant to this paragraph to the District on or before the 15th day of the month immediately succeeding the month in which any amount is received by C-CARE.
 - b. C-CARE agrees to calculate and deposit into an account for the benefit of the District a shareback of TIF pursuant to C.R.S. § 31-25-107(9.5) calculated as follows: For property classifications that change from tax exempt to taxable, notwithstanding the language in the ARL to the contrary, the Parties agree that fifty percent (50%) of the taxable value when a property is first re-classified as taxable from tax-exempt shall be allocated to base (the "TIF Shareback"), and thereafter the base shall only be adjusted as provided by law and the ARL.
3. Review: Conditions.
 - a. On or after 5 years from the Effective Date of the Plan, and every 5 years thereafter while the TIF is authorized as provided by law, the District may initiate a review of the direct and indirect impacts to the District within the Plan Area to determine whether the TIF Shareback adequately addresses the quantifiable impacts of the Plan on the District within the Plan Area. To commence such review, the District shall present to C-CARE and the City Council a fiscal impact study quantifying such fiscal impacts of the Plan (the "Fiscal Impact Study"), whereupon the Parties

shall re-open negotiations to review the appropriate TIF Shareback, and avail themselves of the process set forth in C.R.S. § 31-25-107(9.5)(d).

- b. In the event that the City fails to dedicate incremental tax revenues (generated by 2.891 mills) to the TIF, or re-negotiates with C-CARE, the amount of property tax revenues dedicated to the TIF, this Agreement shall be deemed canceled as of the date that the City's TIF-dedicated property tax revenues are renegotiated or eliminated. In addition, in the event that the City fails to dedicate at least one percent (1%) of the City's three percent (3%) incremental sales tax revenues to the TIF, or otherwise renegotiates with C-CARE the amount of sales tax revenues dedicated to the TIF, this Agreement shall be deemed canceled as of the date on which TIF-dedicated sales tax revenues are renegotiated or eliminated. Upon cancelation of this Agreement, the District and C-CARE shall reopen negotiations to review the appropriate TIF Shareback and other terms of participation, and avail themselves of the process set forth in C.R.S. § 31-25-107(9.5)(d).
- c. Notwithstanding the provisions above regarding participation in the process set forth in C.R.S. § 31-25-107(9.5)(d), under no circumstance shall the District be required to contribute a greater amount of tax revenue to the TIF, nor shall any shareback of TIF funds be reduced to a level below that than set forth in paragraph 2 herein. This subparagraph 3(c) shall survive cancelation of the Agreement under subparagraph 3(b) above.

4. The City and C-CARE shall provide the District a copy of any report they receive from the county assessor that tracks changes in value in each property in the TIF area; and a copy of any report that the City or C-CARE provides to the assessor describing planned redevelopment activities and a list of properties that the City or C-CARE believes are subject to property-specific non-reassessment changes in value.

5. The City and C-CARE represent and covenant that when the TIF expires, the reallocation of the increment back to the District will not result in an increase in the revenues of the District for the purposes of any limitation in year-over-year increases in revenue pursuant to the Taxpayer's Bill of Rights ("TABOR"), and agree that the District may reasonably rely on this representation in determining to enter into this Agreement.

6. Term, Termination. The term of this Agreement shall commence on the date of mutual execution of this Agreement by the Parties, and shall run for a term of Twenty-Five (25) years following the formal adoption of the Plan unless terminated earlier due to the abolishment of C-CARE or termination of the Plan. The Agreement may also be terminated at any time upon mutual agreement of the Parties.

7. Receipt of Impact Report and Urban Renewal Plan. The District acknowledges the City and C-CARE have provided the District with an impact report titled: " Cañon City Area for Reinvestment Expansion; Upper Arkansas Water Conservancy District Impact Report" and a copy of the Cañon City Area for Reinvestment Expansion Urban Renewal Plan dated March 2020.

8. No Contest. The District, as an entity, will not formally or legally object to the adoption of the Plan, the description of the Plan Area set forth therein or any urban renewal projects within the Plan Area.

9. Modification. This Agreement may not be amended, modified, or changed, in whole or in part without a written agreement executed by the Parties. The Parties agree to negotiate future amendments to this Agreement in the event the District experiences unforeseen impacts directly caused by or arising from any urban renewal project in the Plan Area that affect the District's ability to provide services within its District boundaries.

10. Assignment. No Party shall assign this Agreement or any interest hereunder in whole or in part, without the prior written consent of each of the other Parties. Any assignment attempted without the prior written consent of all Parties hereto, which consent shall not be unreasonably withheld, shall be deemed void, and of no force or effect. Consent to one assignment shall not be deemed to be consent to any subsequent assignment not the waiver of any right to consent to such subsequent assignment. Notwithstanding the foregoing this Agreement may be assigned to the successor entity of the District or to the District's constituent entities.

11. Notices. Any notices or other communications required or permitted by this Agreement or by law to be served on, given to or delivered to any Party hereto, by any other Party shall be in writing and shall be deemed duly served, given or delivered when personally delivered to the Party to whom it is addressed or in lieu of such personal service, upon receipt in the United States' mail, first-class postage prepaid, addressed as follows:

To the District:

Upper Arkansas Water Conservancy District
Attn: General Manager
P.O. Box 1090
Salida, CO 81201

To the City and C-CARE:

City Administrator
128 Main Street
Cañon City, CO 81212

Any Party may change its address for the purpose of this Paragraph by giving written notice of such change to other Parties in the manner provided in this Paragraph.

12. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and together shall constitute one and the same instrument.

13. Binding Agreement. This Agreement shall inure to and be binding on the administrator, successors, and permitted assigns of the Parties hereto.

14. Entire Agreement. This Agreement constitutes the complete and exclusive statement of the agreement of the Parties with respect to the subject matter of this Agreement and supersedes all prior oral and written proposals, negotiations, representations, promises, agreements, warranties or understandings concerning such subject matter.

15. Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall nonetheless remain in full force and effect.

16. Governmental Immunity. Nothing in this Agreement shall be construed as a waiver of the rights and privileges of the Parties pursuant to the Colorado Governmental Immunity Act, § 24-10-101, *et seq.*, C.R.S., as the same may be amended from time to time.

17. Authority to Enter into Agreement. Each Party hereby confirms it is lawfully authorized to enter into this Agreement, has received legal counsel and advice as to the legal effect of this Agreement, and has taken all steps necessary to authorize the execution of the Agreement by the respective signatories below.

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement as of the day and year first above written.

CITY OF CANON CITY, a municipal corporation of the State of Colorado:

Mayor

ATTEST:

APPROVED AS TO FORM:

City Attorney

**CAÑON CITY AREA FOR
REINVESTMENT EXPANSION: an
urban renewal authority and body corporate
and politic of the State of Colorado**

Chair

ATTEST:

APPROVED AS TO FORM:

Authority Attorney

**UPPER ARKANSAS WATER
CONSERVANCY DISTRICT**

Chair


ATTEST:

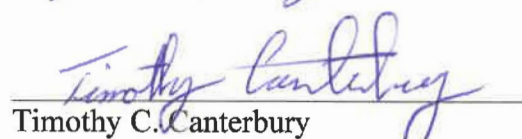
APPROVED AS TO FORM:

General Counsel

RECORD OF PROCEEDING

Respectfully submitted,


Ralph L. Scanga, Jr., General Manager


Timothy C. Canterbury

approved remotely - NO signature
Mannie Colon

approved remotely - NO signature
Robert B. Donley

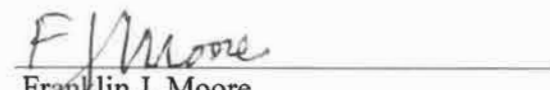
approved remotely - NO signature
Gregory W. Felt


Tom E. French

approved remotely - NO signature
Brett A. McMurry

approved remotely - NO signature
Thomas Goodwin, Treasurer

approved remotely - NO signature
Richard Hilderbrand


Franklin J. Moore

approved remotely - NO signature
Warren Diesslin

approved remotely - NO signature
Tim Payne

approved remotely - NO signature
Tony Telck

approved remotely - NO signature
Mike Shields